

₹ logs best 1-day gain in over 2 yrs

The local currency, though, posts its worst week in almost 27 months

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Mumbai, 11 April

The rupee witnessed its highest single-day gain in more than two years, since March 2023, appreciating 0.75 per cent amid a weakening dollar and a fall in crude oil prices, said dealers.

The Indian currency settled at 86.05 per dollar on Friday, against 86.70 on Thursday. Last week, it had ended at 85.23.

However, the local currency posted its worst week in almost 27 months, since December 2022, amid global trade war tensions. The rupee regained some ground against the dollar in the last two sessions as the dollar lost sheen on growth concerns in the world's largest economy.

While the US has hit pause on its "reciprocal" tariffs for most countries — China being the exception — that hasn't helped the greenback.

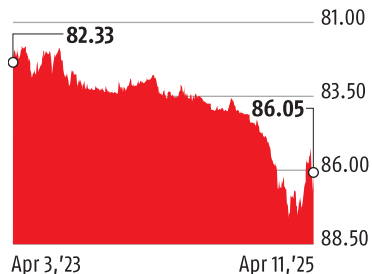
It's still losing ground to the euro and go-to safe-haven currencies like the Japanese yen and Swiss franc.

During the current calendar year, the rupee has depreciated by 0.51 per cent.

TRACKING THE CHANGE

₹ vs \$ spot

(inverted scale)



Source: Bloomberg

In April alone, the domestic unit witnessed 0.67 per cent depreciation.

"The rupee was tracking the dollar index and Asian currencies were all up," said the treasury head at a state-owned bank. "There was also natural buying demand for the rupee," he added.

Until last week, the rupee was trading with a gain against the dollar. It had surged past 85 per dollar on the back of foreign inflows.

The dollar index took a hit, dropping 0.7 per cent to 99.75 after falling to its

lowest in around three years on growing worries that recent changes in US trade policy could tip the country into recession. The index measures the strength of the greenback against a basket of six major currencies.

Meanwhile, the one-year implied forward premiums fell by 8 basis points (bps) to 2.25 per cent.

"The rupee is seen trading between 85.50 and 86.50 per dollar, with an appreciation bias," said the dealer at a state-owned bank.

"In the forwards market, RBI will most likely accept the contracts maturing this month, because the amount of flows we are seeing will take care of the maturity amount," he added.

The central bank's outstanding net short position stood at \$77.5 billion by the end of January, against \$67.9 billion at the end of December, according to the latest data by the RBI.

Of the \$77 billion net short dollar position, \$20.95 billion was in one-month contracts and \$25.97 billion in one-three month tenures (with a portion set to mature in March). The remaining \$30.60 billion was spread across six-month and one-year tenures.

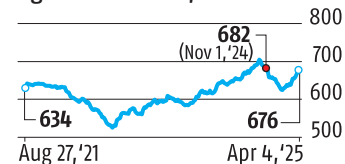
Forex reserves swell by \$10.8 bn

India's foreign exchange (forex) reserves increased by \$10.8 billion in the previous week ended April 4, data from the Reserve Bank of India showed. The total reserves rose on the back of increase in foreign currency assets, which rose by \$9 billion during the week. Foreign currency assets increased on the back of inflows and revaluation as the dollar weakened over the week, said market participants. The total reserves stood at \$676 billion.

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INDIA FOREX (in \$ bn)

Highest since Nov 1, 2024



Source: RBI, Bloomberg